








Settlement spurs state investment

Consumers in Washington will receive \$26 million in advanced telecommunications services and network improvements as a result of a plan developed by the UTC, consumer advocates and Qwest.

The telecommunications improvement plan was negotiated as a final settlement to a four-year-old court case over telephone rates charged by US WEST, now known as Qwest. The company was ordered to refund more than \$200 million to its customers. The \$26 million represents the final amount necessary to close out the refund process.

The plan calls for a broad array of improved services, including:

-  **\$5.3 million** to upgrade the state's enhanced 911 service;
-  **\$5 million** to connect library systems to the Internet;
-  **\$5 million** to provide telecommunications for rural economic development projects;
-  **\$3.9 million** to establish "telemedicine" connections for medical clinics and hospitals to regional medical centers;
-  **\$3.2 million** to upgrade rural parts of the Qwest network to digital connections;
-  **\$2 million** for non-profit and government agencies to use for consumer education and outreach on phone issues; and,
-  **\$650,000** to provide basic voice mail service to the homeless, which will improve access to the job market, housing and social service.

Other parties to the negotiations were the state Attorney General's Public Counsel Section, the American Association of Retired Persons and TRACER, a coalition of large business telecommunications users.

For more about the \$2 million for consumer education and outreach, contact the Seattle Foundation (206-622-2294). The foundation is accepting grant requests until Jan. 25, 2001.

Worried about winter heating? Check it out now!

Natural gas prices increased significantly last summer. And they might increase again soon. So be prepared for higher heating bills this winter.

Meanwhile, reports of volatile wholesale electricity prices have many consumers worried they will see similar increases in their electricity bills.

Inside this edition of UTC News & Views, we have put together estimates of what your winter electricity and natural gas bills might look like this winter.

Also inside, Chairwoman Marilyn Showalter explains why electricity rates reacted differently to market conditions than did your natural gas rates.

The UTC regulates only investor-owned utilities, not city-owned utilities or public utility districts. Regulated companies include Puget Sound Energy, Avista, PacifiCorp, Northwest Natural Gas and Cascade Natural Gas.

The rates of all five of these companies have changed or will change by January 2001.

See Pages 4 & 5 for more winter heating information

COMMISSIONERS CORNER

**By Chairwoman
Marilyn Showalter**



This winter, your electricity and natural gas bills will tell a story of how similar market changes can have different effects on your bank account. You could call it the “Tale of Two Energy Markets.”

Over the last year, wholesale prices for natural gas and electricity increased significantly. As a result, natural gas customers will pay between 16 and 30 percent more this winter to heat their homes. But your electricity bill will change only slightly. (Rate changes are explained in more detail on pages 4 & 5.)

The reasons for the different rate responses says a lot about how our nation and state should approach deregulation and restructuring of electricity.

The wholesale price of natural gas is deregulated. This means that natural gas suppliers are free to charge whatever price they can get for their product. The price fluctuates based on the supply and demand for natural gas.

Furthermore, the utility company that delivers your natural gas usually does not own any significant supply of natural gas. Your utility company must obtain gas through contracts with suppliers. The price your utility pays for gas is a market-based price. In theory, the competitive market will, over time, bring prices to efficient levels.

So while the UTC still regulates the rates you pay for natural gas, about half of your natural gas bill is determined by the price your utility must pay for natural gas supplies. In short, as regulators, we can only assure you that the delivery and administration of your natural gas service is based on cost. The other half, the supply of natural gas, is based on the market price for natural gas.

In contrast, electricity is not as deregulated as natural gas. Your utility still owns or has long-term contract rights to a large share of the electricity you use. This means that the price you pay for your electricity is based more on the *cost* of producing the electricity and less on the *market* price.

There *is* a deregulated wholesale market for electricity supply. It was this market that created headlines this summer and caused several large industrial users of electricity to curtail production until prices subsided a bit.

These large industrial users buy their electricity either directly from the wholesale market or from a supplier who charges a rate based on the wholesale market price. All the rest of us did not see a change in our electricity rates.

Our rates are based on the utility’s cost to produce electricity and the market price of any additional power it must buy.

Electricity & natural gas rates tell ‘The Tale of Two Energy Markets.’

Wholesale market prices can ultimately affect the rate we pay if our electricity utility must make short-term purchases through the market to meet demand. But even then, the effect is diminished by averaging those costs with the utility’s other generation costs.

The electricity market is changing, however. Each year, Congress and our state legislature consider whether to restructure the electricity industry in a manner that is more consistent with a competitive and deregulated environment. Restructuring might result in your electricity provider having to either divest itself of its generation facilities or separate itself from the generation parts of the business.

If that happens, your electricity provider may look more like a natural gas utility with rates reflecting the ups and downs of the wholesale market price rather than the cost of producing it.

CONSUMER NEWS IN BRIEF

New Pipeline Safety Director

Doug Kilpatrick has been named to head the UTC's expanded pipeline safety division. Since 1996, Kilpatrick has served as the UTC's Electric Industry Coordinator. A licensed professional engineer, Kilpatrick previously worked for the Washington State Energy Office and served on the state Energy Facilities Site Evaluation Council.

Last session, the legislature expanded our program's authority over natural gas and hazardous liquid pipelines. Kilpatrick will be responsible for managing the expanded program, as well as for the UTC's increased damage prevention and education efforts. Learn more about the UTC's Pipeline Safety by visiting our website or giving us a call.

Starving Students Penalized

Citing numerous consumer complaints and safety violations, the UTC has penalized the Starving Students, Inc. moving company. The UTC regulates in-state household movers.

The Los Angeles-based company, which operates four branch offices in Washington, paid over \$59,225 in fines and reimbursed the UTC \$18,600 in investigation costs and \$3,680 in overdue regulatory fees.

If you would like to check the registration and compliance record of a moving company before you do business with them, call our toll-free consumer number 1-800-562-6150.

Yellow Pages profits still support local service

In an order released during the summer, the commission rejected a request by U S West (now called Qwest) to end the UTC's practice of including yellow page publishing revenues when calculating local telephone service rates.

If the commissioners had approved the company's request, it would not have raised rates immediately but eventually the decision would have resulted in higher rates for local service.

Free Wallet Cards Going Fast

The UTC has free wallet-size information cards that have the information you need to avoid being ripped off by pay phones and phones in hotels and motels. Be prepared. Call us for your free wallet card at 1-800-562-6150.



What happened to fall?

You can stop searching your recycling basket. There was no fall issue. Staff changes and a desire to align our publication schedule with the start of the seasons resulted in skipping our fall issue of the UTC News & Views.

Instead you are receiving your winter edition a bit earlier than usual. This newsletter comes four times a year and is now published with the beginning of each season. Our spring edition will be released in mid-March.

Your help needed

The UTC offers free information cards on how to use pay phones without getting ripped off.

We would like to get these cards into as many wallets and purses of Washington consumers as possible.

If your organization can help us distribute these cards, please contact Tim Sweeney, 360-664-1118.

Email: tsweeney@wutc.wa.gov

Power rates will be stable this winter

While volatile wholesale electricity rates have not translated into big increases for Washington electricity customers, retail rates will change slightly this winter.

The state's three regulated electricity utilities will charge new rates by Jan. 2001.

Energy assistance available for low-income homes

A federally funded, community-based program provides heating and weatherization assistance to elderly, disabled and low-income households.

For more information about the Low-Income Housing Energy Assistance Program, contact your local community action program or on the web, visit:

<http://www.liheapwa.org/>.

Budget billing can level out highs and lows

Instead of paying high bills in winter and low bills in summer, you can convert to budget billing and pay an average amount each month for your natural gas or electricity use. Call your utility today to learn more.

Bill Problems? Call your utility now

If you are having trouble keeping up with your power or gas bill, call your utility now. Your company will work out an affordable payment schedule with you.

The following estimates of your winter electricity bills are based on rates effective Jan. 1, 2001 and monthly use of 1500 kilowatt hours (kwh).

All three companies increase the per kwh rate after a customer consumes more than 600 kwh in a month. Avista rates increase again for use that exceeds 1300 kwh. Estimates do not include taxes.

Also, Puget Sound Energy's rates are higher in the winter. It's winter rate runs from Oct. 1 through March 31.

Avista serves customers in Spokane and surrounding communities. Avista's electricity rates are declining slightly. Also, in Dec. 2000 and Jan. 2001, Avista customers will receive a one-time-only credit that will equal about 3 cents per kwh used. This credit is the customer's share of Avista's sale of a power plant.

Rates will return to normal after January, when an Avista customer using 1,500 kwh in a month, will receive a bill of approximately \$68.77. This amount is roughly 15 cents less what would have been charged for the same usage last year.

Puget Sound Energy (PSE) serves customers in Western Washington. PSE is entering its last year of a five-year rate plan

which has allowed the company to raise residential rates annually by 1.5 percent. A PSE residential customer using 1500 kwh in January will receive a bill for approximately \$94.93. That's up \$1.64 from last year's bill.

Pacific Power and Light or PacifiCorp begins a five-year rate plan in Jan. 2001. The plan allows rates to increase by the equivalent of 4 percent this January and the equivalent of 2 percent Jan. 2002.

But other credits associated with the sale of a power plant and the merger with ScottishPower means that the increase is significantly less. For a customer using 1500 kwh, the bill will be about \$79.54. That's up just 94 cents from last year.

Why this summer's market spikes did not raise rates

Our state's utility companies own power generation plants or buy power under very long-term contracts. The rates charged to residential customers and almost all business customers are based on the average of the generation costs, long-term contracts and short-term contracts.

This means our rates are usually more stable than the wholesale market rates paid by some large industrial energy customers.

But you will pay more for natural gas

If you heat with natural gas, be prepared for higher heating bills this winter.

Natural gas is in high demand all over the country and rates are climbing. Washington customers used to pay lower rates than customers in other states because of our proximity to Canadian natural gas supplies. But new pipelines connect those supplies to the rest of the country and that demand has pushed prices up.

Your natural gas utility does not own any significant supplies of natural gas. Instead it must buy and contract for its natural gas supply through a competitive market. This means that when market prices go up, customers eventually feel it in their heating bills.

This fall, the UTC reviewed and verified recent market data and supply costs and allowed the natural gas utilities to raise rates accordingly. Unfortunately, the wholesale price of natural gas has continued to climb to the point that most natural gas companies have filed for additional increases.

Avista's natural gas rates have already increased by 28.4 percent. Its recent request would raise rates an additional 30 percent. If approved, Avista customers who use 150

therms in a month will pay roughly \$50 more per month this winter than last year.

Puget Sound Energy natural gas rates increased 26.8 percent this fall. The company has requested another 25 percent increase in rates for January. If the latest increase is approved, Puget customers who use 150 therms in a month will pay roughly \$55 more a month than last year.

Northwest Natural Gas residential customers experienced a 22.5 percent increase. A winter monthly bill with 150 therms of use is going to run about \$21 more this year over last winter.

Cascade customer bills have increased by 16.5 percent. The company recently filed a request to increase residential rates by another 28 percent. If approved, a winter monthly bill with 150 therms of use is going to run about \$46 more this year over last winter.

Natural gas rates may continue to change in the future. To ensure you are prepared, check your utility bill closely each month for advance notice of any proposed and approved changes.

Simple things you can do to reduce your heating bill

Higher rates for natural gas, electricity and heating oil are making energy conservation measures more worthwhile. Here are few of the most common tips to consider:

1. **Plug the holes.** Weatherstrip, caulk or do whatever you need to seal out cold and keep in warmth.
2. **Keep it down.** Turn your furnace and water heater thermostats down.
3. **Use it less.** This means keeping unnecessary lights turned off, shorter showers, and full loads washed with shorter, cooler cycles.
4. **Keep it clean.** Clean out refrigerator\freezer coils, clean furnace and dryer filters.
5. **Buy smart.** Consider fluorescent lights (cost more but last longer) and more efficient appliances.
6. **Ask for help.** Ask your utility to perform an energy audit. Check out our website: www.wutc.wa.gov.

Higher energy rates can make a conservation measure that was previously not practical a smart decision. Take the time to review the energy efficiency of your home and business. It may save you money.

Find-It! Consumer: **Your Connection to Consumer Protection**

How does budget-billing work for electricity and natural gas customers? What's the best way to choose a long-distance service provider? Who can you contact about a telephone scam call? Wouldn't it be nice to have help finding the best information resource for your consumer questions?

Find answers to your questions about consumer protection and consumer safety online at Find-It! Consumer. The easy-to-use Internet search engine debuts December at <http://finditconsumer.wa.gov>.

Find-it! Consumer gathers links to over 70 specially-selected state and national consumer websites - - sites that have been recommended by consumer experts and librarians. It also posts the most up-to-date consumer alerts.

This new website is sponsored by the UTC, the Washington State Library and five other consumer-oriented state agencies.

Through Find-It! Consumer, you can find:

- Ways to shop wisely for goods and services;
- Information on consumer safety;
- Laws and regulations that protect you, the consumer;
- Solutions to consumer complaints, including whom to contact and how to report consumer problems.

Find-It! Consumer does not link to commercial product sites nor does it offer product comparisons. Instead, the site provides "one-stop" searching on the Internet for high-quality, accurate consumer information and advice from state and federal government resources.

Just go to Find-It! Consumer and enter a few words that describe your subject. Hit the "enter" key and the website will do the searching for you. You can set it to search for nationwide results or limit the results to Washington state information only.

Find-It! Consumer works by linking key words to other consumer information sites, much like its companion website, Find-It! Washington.

Find-It! Washington is a specialty website that indexes the electronic or web-based publications of virtually every governmental entity in Washington - - be it state, county, or city.

Other sponsors of the new Find-It! Consumer resource, besides the WUTC and State Library, include: Office of the Attorney General, Department of Ecology, Department of Social and Health Services, Liquor Control Board, and the North Central Educational Service District.

[HTTP://FINDITCONSUMER.WA.GOV](http://finditconsumer.wa.gov)

New FCC rules give UTC more teeth in dealing with phone service slammers

The UTC can now provide more relief to Washington consumers who have had their long-distance service switched without their permission.

Between 300 and 500 Washingtonians a year contact the UTC with complaints that their telephone service has been switched—a problem known as slamming. Often customers do not realize they have been slammed until they get their telephone bill from their new provider.

While the UTC has had rules for some time regarding local telephone slamming and

instate long-distance calls, our jurisdiction does not cover long-distance service that crosses the state line.

But new rules by the Federal Communications Commission allow the UTC to fully investigate complaints even when the violation involves interstate long-distance service. These changes, along with customer vigilance, should help reduce the problems associated with slamming.

Here's what you should do if you think your phone service has been switched without your permission.

1. Do not pay your bill until you have made some inquiries.

2. Contact immediately the new company that has billed you.
3. If the company does not agree that you were slammed and refuses to make amends, file a complaint with the UTC within 30 days.
4. If the UTC investigation finds you were slammed, you will be absolved of any charges incurred within 30 days after the switch.

If you have already paid the bill, you might receive a partial refund from your properly authorized carrier.

If you suspect slamming, do NOT pay your bill until you make inquiries.

To avoid the worry of being slammed, you should contact your local telephone company and request what is called a "PIC Freeze." A PIC freeze ensures that your carrier, whether local, local long-distance or long-distance cannot be changed without your written permission. Your local phone company must provide you with a PIC freeze without charge at your request.

Remember to always review your telephone bill each month for errors and evidence of slamming.

If you have any questions about slamming or feel you have been slammed, please call us at our toll-free complaint line, 1-800-562-6150.

W A S H I N G T O N



UTILITIES AND TRANSPORTATION
COMMISSION

UTC News&Views is published by
Washington Utilities and
Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive SW
Olympia, WA 98504-7250

Phone: (360)664-1160
Fax: (360)586-1150
TTY: (360)586-8203

Web site: www.wutc.wa.gov
Email: info@wutc.wa.gov

To request availability of UTC
publications in alternate formats, call
(360) 664-1133.

In This Issue

Estimate your winter heating bill and read Chairwoman Showalter's analysis of why natural gas, but not electricity, is more expensive this winter. Learn how to find reliable consumer information from your computer and discover how we're getting tough with "slammers."

Free consumer publications for you. . .

Free Consumer Brochures

Guide to UTC Consumer Services
Guide to Utility Services
Guide to Garbage and Recycling Service

Free Fact Sheets

Selecting Your Long Distance Service
900 Number/ Pay Per Call Service
Slamming (Unauthorized Service Changes)
Payphone protection wallet card

Free Consumer Newsletter

Receive this newsletter at your home or
business for free.

Visit our Web Site

Click to www.wutc.wa.gov for
downloadable copies of our publica-
tions, current consumer news, and
links to consumer resources.

To order our publications

Email request to info@wutc.wa.gov

Or

Call 1-800-562-6150 & choose the
publications option from the menu.

Or

Write to:

WUTC
P.O. Box 47250
Olympia, WA 98504